

Testimony for the Democratic Whip Task Force on Poverty, Income Inequality, and Opportunity and Congressional Black Caucus Forum on 50 Years After the Kerner Report

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Thank you, Chairwoman Lee, Whip Hoyer and Chairman Richmond, for the invitation to participate in this important forum. I am Valerie Wilson, economist and Director of the Program on Race, Ethnicity and the Economy at the Economic Policy Institute.

50 years ago, President Lyndon B. Johnson appointed the National Advisory Commission on Civil Disorders, better known as the Kerner Commission, to investigate civil unrest and overly aggressive policing in black communities. After spending several months gathering data and directly witnessing conditions in urban America, they delivered a report to President Johnson which concluded that “white racism” was to blame for the “pervasive discrimination in employment, education and housing.” These conditions, together with widespread mistreatment and abuse of Black citizens at the hands of the police, were cited as causes of poverty and civil unrest in segregated Black communities.

In a [recent report](#), my colleagues Janelle Jones, John Schmitt and I presented statistics summarizing what life was like for African Americans in this country 50 years ago compared to now. That report is a straightforward, unfiltered presentation of the facts, covering a wide range of economic, social, and health outcomes. Copies of that report have been provided, but today I want to focus my remarks on racial economic inequality in the labor market, which directly affects approximately 20 million African Americans who get up every day and either go to work or go to find work.

The bottom line is simple. Despite decades of policies, programs, protests and outstanding achievements by African American men and women in many aspects of American life, race far too often remains a deciding factor in the economic status of African Americans relative to whites.

Over the last 50 years, great strides have been made toward raising educational attainment among African Americans and closing the education gap relative to whites, especially with regard to completing high school. In 1968, just over half (54.4 percent) of African American adults age 25-29 were high school graduates, compared to nearly three-quarters (75.0 percent) of whites. In 2016, 92.3 percent of African American adults age 25-29 were high school graduates with 22.8 percent having gone on to complete a bachelor’s degree or higher (up from 9.1 percent in 1968). Among whites, 95.6 percent are high school graduates and 42.1 percent have a bachelor’s degree or higher (up from 16.2 percent in 1968).

The important thing to understand about education is that it is undeniably important for economic mobility—at higher levels of education, African Americans have lower unemployment rates, and higher earnings than they would otherwise. There is no question that a college

education is a good investment for improving one's economic status. However, education has not been enough to eliminate racial economic inequality. This is reflected in the persistent racial gaps in unemployment rates, median household income, and poverty rates.

Since the Bureau of Labor Statistics began reporting the black unemployment rate in 1972, it has almost always been about twice the white unemployment rate—in good economic times and in bad, as well as at every level of education.

Comparing unemployment rates by education we find that in 2017, having a bachelor's degree substantially reduced the unemployment rate for African Americans, from 9.5 percent for those who only had a high school degree to 4.1 percent for college graduates and 3.0 percent for those with advanced degrees. However, African Americans with advanced degrees still had an unemployment rate higher than whites with a only a bachelor's degree (2.3 percent) and African Americans with a bachelor's degree had an unemployment rate that was closer to the unemployment rate of whites with only a high school diploma (4.6 percent).

In addition to having higher rates of unemployment than whites with the same level of education, black workers are also paid less than white workers with the same level of education.

Although the hourly wage gap between black and white workers narrowed during the latter part of the 1960s through the 1970s due to the passage of important Civil Rights legislation, it has gotten larger since 1979. This is true even among those with the same levels of education and experience and living in the same region of the country. In fact, despite the educational gains of African Americans, black workers were further from parity with white workers in 2017 than in 1979 at every level of education except the small group of workers who did not complete high school.

The expansion of the black-white wage gap can be attributed to three trends: 1) limited wage growth among middle and low wage workers (where African Americans are overrepresented) 2) above average growth among the highest wage workers (where African Americans are underrepresented), and 3) racial discrimination in hiring, pay and opportunities for promotion.

It's important to make the point here that racial disparities in individual labor market outcomes, like unemployment and wages, don't just have consequences for individuals. Rather, these disparities have implications for entire households, as reflected in racial differences in household income. In 1968, the median black household earned 63 percent of the income the median white household earned in a year. In 2016, the median black household earned just 61 percent of median white household income.

Given that poverty is determined by whether a family has sufficient income to meet basic material needs, disparities in income translate into higher rates of poverty for African Americans relative to whites. In 1968, with a poverty rate of 33.5 percent, African Americans were three times more likely to live in poverty than whites. In 2016, the black poverty rate—22 percent—was only slightly lower than it was almost 50 years ago, but still 2.5 times higher than the white poverty rate.

Too often, narratives that suggest a lack of effort or personal responsibility is to blame for low-income status and persistent racial disparities in economic outcomes influence economic policy. However, based on my analysis of trends in annual work hours, those notions are narrow and quite simply, inaccurate. The truth is we have a divided workforce, with different classes of workers: Those who are consistently working full time and earning wages at or above the median; those who earn below the median and are working more than they used to—when they can get jobs—but are still working less than full time; and those who face barriers that keep them out of the workforce full time. Again, race has an undue influence on which of those categories an individual falls into.

Low wage workers of all races have attempted to compensate for inadequate pay and tepid wage growth by working more. Prime-age adults who typically earn the least and work the fewest hours have increased their work hours the most since 1979. From 1979 to 2016, the bottom fifth of all prime-age wage earners increased annual hours by 24.3 percent (to 1,688.5 hours), compared with 9.4 percent among the middle fifth (to 2,044.7 hours) and 3.6 percent among the top fifth (to 2,047.2 hours).

Black Americans have put a tremendous amount of personal effort into improving their social and economic standing, be it through more education or working more hours. However, that effort only goes so far when you're working within structures that were never intended to give equal outcomes. Addressing these economic problems begins with acknowledging the fact that they are the inevitable product of racism. The next step is to make the long term commitment to change the structures and policies that continue to block further progress. These changes will require big, bold policies and actions that shift the balance of power in multiple areas.

I am not proposing in any way that I have all the answers here. But, at a minimum, taking the following steps to shift the balance of power with regard to inequalities in employment and pay could meaningfully improve economic conditions for African American workers and their families.

1. Consistently enforce antidiscrimination laws in the hiring, promotion, and pay of women and minority workers. This requires greater transparency in how these decisions are made, which includes requiring employers to report to the EEOC information about what they pay their employees by job category, sex, race, and ethnicity.
2. Address the broader problem of stagnant wages by raising the federal minimum wage, creating new work scheduling standards, and rigorously enforcing wage laws aimed at preventing wage theft.
3. Strengthen the ability of workers to bargain with their employers by combatting state laws that restrict public employees' collective bargaining rights or the ability to collect "fair share" dues through payroll deductions.
4. Push back against the proliferation of forced arbitration clauses that require workers to give up their right to sue in public court.
5. Require the Federal Reserve to pursue monetary policy that targets full employment, with wage growth that matches productivity gains.

Finally, an important caveat to interpreting the economic data I've described is that it only refers to the non-institutionalized population: those in our nation's prisons and jails are not included in these estimates. The rise in mass incarceration since the 1980s is a trend that has disproportionately impacted African Americans, both in terms of rates of incarceration, its damaging effects for individuals, families and communities, and our ability to accurately measure the economic status of the broader African American population. Therefore, criminal justice reform must also be a part of any movement for economic justice.

Over the last 50 years, we've made some progress, but there is a long way to go. The power dynamics of the economy need to change for meaningful progress toward economic equality.